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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, December 16, 2002

JOINT PETITION OF

CASE NO. PUC-2002-00199

LIGHTYEAR COMMUNICATIONS OF VIRGINIA, INC.,
LIGHTYEAR COMMUNICATIONS, INC.,
LIGHTYEAR TELECOMMUNICATIONS, LLC,

and

INFOHIGHWAY OF VIRGINIA, INC.,

For approval of a transfer of assets

ORDER GRANTING APPROVAL

On October 18, 2002, Lightyear Communications of Virginia, Inc. (“Lightyear of Virginia”), Lightyear Communications, Inc., Lightyear Telecommunications, LLC (collectively referenced as the “Lightyear Companies”), and InfoHighway of Virginia, Inc. (“InfoHighway of Virginia”), completed a joint petition requesting approval of the State Corporation Commission (“Commission”), pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, for the transfer of Lightyear of Virginia’s customer base and the associated accounts receivables to InfoHighway of Virginia.

Lightyear of Virginia, formerly known as UniDial Communications of Virginia, Inc., is a corporation organized under the laws of Virginia. The principal business office of Lightyear of Virginia is located in Louisville, Kentucky. Lightyear of Virginia was granted certificate of public convenience and necessity (“CPCN”) No. T-462a to provide local exchange telecommunications services in Virginia on September 22, 2000, in Case No. PUC-2000-00223 (PUC000223).

Lightyear Communications, Inc., and Lightyear Telecommunications, LLC, are providers of resold interexchange telecommunications services in Virginia. Lightyear Communications, Inc., formerly known as Unidial Communications, Inc., is also a corporation organized under the laws of Kentucky. Lightyear Telecommunications, LLC, formerly known as UniDial Telecommunications, LLC, is a Delaware limited liability corporation. The principal business offices of Lightyear Communications, Inc., and Lightyear Telecommunications, LLC, are located in Louisville, Kentucky.

Lightyear Acquisition, Inc. (“Lightyear AM”), a subsidiary of A.R.C. Networks, Inc. d/b/a InfoHighway of Virginia, Inc., was created solely to effectuate the transactions, which are the subject of the above-referenced petition.

InfoHighway of Virginia is a corporation organized under the laws of Virginia. The principal business office of InfoHighway of Virginia is located in Melville, New York. InfoHighway of Virginia was granted CPCN No. T-562 to provide local exchange telecommunications services on June 20, 2001, in Case No. PUC-2001-00079 (PUC010079). InfoHighway of Virginia also provides interexchange telecommunications services on a resale basis. Collectively, InfoHighway of Virginia and the Lightyear Companies are referenced as the “Petitioners.”

The Petitioners request approval of a transfer of assets of the Lightyear Companies. The Lightyear Companies entered into an Asset Purchase Agreement (“Agreement”) and a Management Agreement on June 14, 2002. The Agreement and sale was approved by the Bankruptcy Court pursuant to an Order issued on August 23, 2002. Under the terms of this Agreement, the Lightyear Companies will complete a multi-step transaction in which the Lightyear Companies and their ultimate parent, Lightyear Holdings, Inc., will transfer to

InfoHighway of Virginia and its parent companies a certain portion of its customer base, including customers currently receiving local telecommunications services from Lightyear of Virginia.

The Agreement calls for two transactions. Under the terms of the first transaction, the Lightyear Companies will sell and transfer their accounts receivable as defined in the Agreement to Lightyear AM. Under the terms of the second transaction, the Lightyear Companies will sell and transfer all rights, title, and interest in the Lightyear Companies to Lightyear AM. In exchange, Lightyear AM will pay an amount of up to \$1,900,000, less possible adjustments, plus an amount for the accounts receivable. The Lightyear Companies will then pay all proceeds from the sale to its lenders. Upon Lightyear AM's acquisition of the assets, Lightyear AM will assign all its rights and obligations under the Management and Asset Purchase Agreements with respect to its Virginia customers to InfoHighway of Virginia. As a result, InfoHighway of Virginia will be the entity providing telecommunications services to Lightyear of Virginia's customers.

THE COMMISSION, upon consideration of the joint petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the transfer of assets of Lightyear of Virginia to InfoHighway of Virginia, as described herein, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, approval is hereby granted for the transfer of the assets of Lightyear of Virginia to InfoHighway of Virginia as described herein.
- 2) InfoHighway of Virginia shall provide the Division of Communications with any necessary tariff revisions to reflect the provision of service to the transferred customers.
- 3) There appearing nothing further to be done in this matter, it is hereby dismissed.